

**AUDIT COMMITTEE
MINUTES**

Date: Tuesday 6 September 2011

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Councillors: L Chester (Chair), P Bibby CC, and S Walker.
Independent: B Mitchell

In Attendance: Phil Westerman (Grant Thornton), Gursh Bains (Shared Internal Audit Services)

Started: 6.00 p.m.
Ended: 7.20 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Cullen, J Gardner and M Yarnold-Forrester.

There were no declarations of interest.

With the agreement of the Chair Item 6 was dealt with as the first item.

2. MINUTES – AUDIT COMMITTEE – 15 JUNE 2011

it was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 15 June 2011 be approved as a correct record and signed by the Chair.

3. ADMINISTRATION OF MEMBERS' ALLOWANCE SCHEME

The Audit Manager (Shared Internal Audit Service) presented a report to advise the Committee of the Internal Audit that had taken place of the procedures and controls in place over the administration of the Members' Allowance Scheme.

The Committee was advised that a risk based audit methodology had been applied in undertaking the audit testing.

In reply to a question it was confirmed that no inappropriate claims had been made by Members during the review period.

Members then asked a number of detailed questions which were answered by the Constitutional Services Manager (CSM).

In reply to a challenge to the overall grading of 'substantial' given the risk of the CSM setting up a 'ghost' member the Committee was advised of the existence of a number of other control mechanisms operated through the Finance Team that substantially mitigated this risk. Additionally, as there was a set membership of 39 Councillors, any additional 'ghost' members would be more readily apparent.

It was **RESOLVED** that the report, and the recommendations contained therein, be noted.

4. ANNUAL ANTI FRAUD REPORT

The Audit Manager (Shared Internal Audit Service) presented a report to allow the Committee to receive and consider the Annual Anti Audit Fraud Report for 2010/2011.

In reply to a question the Head of Finance undertook to report back on the processes in place to prevent duplicate payments being made by the Council.

In reply to a further question concerning the recording of officer time to bring about prosecutions the Committee was advised that solicitors' costs had not been measured. However this had to be weighed against the deterrent value of taking some cases to court.

Members asked a number of further questions which were answered by the Audit Manager, Shared Internal Audit Service (SIAS).

It was **RESOLVED** that the report be noted.

5. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (Shared Internal Audit Service) presented a report to advise the Committee of progress against the 2011/12 Internal Audit Plan and to approve the amendments to the Audit Plan.

The Committee was advised that the Audit Plan was 31% completed for the year and that it was possible that the full Audit Plan would not be delivered. A meeting of the SIAS board was scheduled for Wednesday 7 September to discuss options to take plans forward and it was expected that priority would be given to reviewing systems with the largest financial impact.

In reply to a question the Committee was advised that there was shortfall of 400 available days across all SIAS clients. The Committee was further advised that this situation was largely due to the time lost in establishing the new service.

In reply to a further question the Head of Finance assured the Committee that there were regular client liaison meetings with SIAS and that the Audit Plan was proactively managed.

The Audit Manager (SIAS) undertook to draft a report in the new standardised format for approval by the Chair and members of the Committee.

It was **RESOLVED** that the report be noted and that the amendments to the Audit Plan be approved.

6. URGENT PART 1 BUSINESS / TREASURY MANAGEMENT REPORT

The Committee considered the Annual Treasury Management Review which had been issued as a supplementary agenda, and which was presented by the Head of Finance.

The Committee was advised of a typographical error in paragraph 4.4.1 of the report. The second sentence should read 'This was total borrowings or loans of £17.004 Million....'

The Committee was further advised that any breaches in the authorised limit and operational boundary were reported directly to the Resources Portfolio Holder.

In reply to a question concerning investments the Committee was advised that interest rates were constantly monitored to ensure that the Council maximised its return on its balances, subject to complying to the relevant legislation and best practice.

It was **RESOLVED** that Council be recommended to approve the 2010/11 prudential and treasury indicators as outlined in the report.

7. EXCLUSION OF THE PRESS AND PUBLIC

It was **RESOLVED**:

1. That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.

2. That having considered the reasons for the following report being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

PART II

8. PART II MINUTES – 15 JUNE 2011

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 15 June 2011 be approved as a correct record and signed by the Chair.

9. STRATEGIC RISK REGISTER QUARTER 1 2011/12

It was **RESOLVED** that the report be noted.

10. URGENT PART II BUSINESS

None.

Chair